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Auditor General

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March 14, 1983

Letter Report P-265

Honorable Art Agnos
Chairman, and Members of the
Joint Legislative Audit Committee
State Capitol, Room 3151
Sacramento, California 95814

Dear Mr. Chairman and Members:

As required by Chapter 1398, Statutes of 1982 (Assembly Bill 1733), we have examined the Department of Social Services' (department) compliance with the competitive process for contracting with child abuse and neglect prevention agencies. Assembly Bill (AB) 1733 directs the department to contract for three types of programs: programs for training and technical assistance, programs sponsoring local projects for preventing child abuse and neglect, and innovative programs for preventing child abuse and neglect.

As of March 1, 1983, the training and technical assistance contracts and the department's contracts with the counties for local projects for the prevention of child abuse and neglect were still in the contract review and approval process. Proposals submitted by prospective operators of innovative programs are now being evaluated by department staff.

Our review of the process for selecting contractors for child abuse and neglect prevention projects revealed that the department did not comply with state and department contracting guidelines in processing its contracts for training and technical assistance on a sole-source basis. We also identified potential conflict of interest problems during our review of the contracting process at the county level. In one county we reviewed, persons who wrote the county's request for proposal are associated with organizations that intend to bid for funds authorized by AB 1733. In addition, because the department's Office of Child Abuse Prevention (office) has not always evaluated the effectiveness of its projects in reducing or preventing child abuse and neglect, we could not determine

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what the office had learned from these projects. Although the office has not routinely evaluated the effectiveness of its projects, it does submit periodic reports to the Legislature in which it identifies the accomplishments of its projects. Finally, the Legislative Counsel's opinion stated that the department's methodology and formula for allocating AB 1733 funds to the counties met the intent of the legislation.

BACKGROUND

Child abuse is defined as any act that endangers or impairs a child's physical or emotional health and development. Under this definition, child abuse includes physical abuse and corporal punishment, emotional abuse, physical neglect, inadequate supervision, and sexual abuse. The first state laws requiring public agencies to report suspected cases of child abuse and neglect were enacted in the 1960s; California passed its first reporting law in 1963. In 1974, the Federal Child Abuse Prevention and Treatment Act was passed, thus creating a National Center on Child Abuse and Neglect to support state and local efforts for the prevention and treatment of child abuse and neglect. The National Center on Child Abuse and Neglect estimated that over 1,000,000 children were reported to have been abused or neglected in the United States in 1981. During the same year, California counties served more than 140,000 children who were reported as abused or neglected.

Chapter 1252 of the Statutes of 1977 established the Office of Child Abuse Prevention within the Department of Social Services. The office, under the department's Adult and Family Services Division, is responsible for developing innovative services for preventing child abuse. To fulfill this responsibility, the office funds and monitors both pilot and demonstration projects for the prevention of child abuse.* The office also provides technical assistance to communities

* A pilot project receives original funding from one source in anticipation that the project's results will attract continued funding from other sources. A demonstration project attempts to develop a model that, if successful, can be replicated by other projects.

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needing help in dealing with problems involving child abuse and neglect. Additionally, the office serves as the center for coordinating child abuse and neglect prevention activities throughout the State.

As of January 1983, the office had funded 25 child abuse and neglect prevention projects in California. The Federal Child Abuse Prevention and Treatment Act provided the funds for 15 of these projects. In fiscal year 1982-83, California's federal allocation from this act was approximately \$609,000. In addition, the California Legislature allocates some General Fund monies for operating specific child abuse and neglect prevention projects; for fiscal year 1982-83, the Legislature appropriated \$610,000 for these projects.

AB 1733, which became effective on October 1, 1982, appropriated \$10 million from the State's General Fund for the office and its child abuse and neglect prevention programs. AB 1733 directs the department to allocate \$9 million for local programs of both public agencies and private nonprofit agencies, and \$1 million for innovative programs. The legislation also designates a limit of 5 percent of these funds for administrative costs, and provides 3 percent of these funds to be used for training and technical assistance. Further, this legislation established procedures, criteria, and priorities for selecting the programs to be funded.

SCOPE AND METHODOLOGY

Assembly Bill 1733 requires the Auditor General to assess the competitive process for contracting with child abuse and neglect prevention agencies. To conduct this assessment, we reviewed the department's progress in implementing AB 1733 as of February 16, 1983; we have, however, presented updated information in key areas. We examined applicable contracting laws and guidelines, and we reviewed the department's contracting procedures, as well as the contracting procedures of Kern, Los Angeles, Sacramento, and Santa Clara counties. We interviewed department and county personnel responsible for implementing AB 1733, and we attended Sacramento County's public hearings that focused on its implementation of the legislation.

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Further, we reviewed a sample of 6 of the 25 pilot and demonstration projects administered by the Office of Child Abuse Prevention to see if the office was using the information obtained from these projects. We selected our sample to represent a cross section of projects administered by the office; we included one project funded solely with state funds, three projects funded solely by federal funds, and two projects funded by a combination of state and federal funds. To conduct this review, we examined contract files, the monitoring reports, the project operators' reports, and the project evaluations for 6 of the office's 25 projects, and we interviewed office staff responsible for monitoring the projects.

The legislation also requires the Auditor General to describe the effect of child abuse prevention projects in mitigating child abuse and neglect in a sample of California counties. As of March 1, 1983, the counties had not yet contracted for projects to be funded by AB 1733; consequently, we could not determine the impact that such projects will have in mitigating child abuse and neglect. We will, however, provide this information to the Legislature in a subsequent report.

AB 1733 also requires the Auditor General to determine if the department distributed the funds for child abuse and neglect prevention projects in a timely manner. The department's plan for implementing AB 1733, designed to meet the urgency of the legislation, scheduled the first disbursement of funds for these projects after June 21, 1983. Since the department has not yet disbursed any AB 1733 funds to child abuse and neglect prevention projects, we could not evaluate the timeliness of the distribution process. However, we did evaluate the department's allocation formula by interviewing departmental personnel responsible for developing the formula and by reviewing the methodology and data the department used to generate the allocations. We also obtained a Legislative Counsel opinion on the department's interpretation of the legislation's criteria in developing its formula for distributing AB 1733 funds to the counties.

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ANALYSIS

In the following sections, we first assess the department's progress in contracting for services to prevent child abuse and neglect, and evaluate the department's compliance with established contracting procedures. Second, we discuss the results of our review of a sample of previously funded pilot and demonstration projects for the prevention of child abuse and neglect. Finally, we analyze the department's formula for allocating funds to the counties for child abuse and neglect prevention projects.

Status of Contracts and Compliance with Contracting Guidelines

Our review of the department's contracting process disclosed that the department did not comply with state and department guidelines in its attempt to contract for training and technical assistance. Specifically, the department did not comply with state guidelines for obtaining a minimum of three competitive bids for each contract. The department also did not comply with its own guidelines requiring the Health and Welfare Agency's (agency) approval before preparing contracts on a sole-source basis. The former agency secretary stated that, among other reasons, these contracts were not approved because the justification for contracting on a sole-source basis was not sufficient. In addition, the department's contracting for local projects to prevent child abuse and neglect is behind schedule. The office's chief told us that this was because of uncertainty in AB 1733 funding. We also identified potential conflict of interest problems in the contracting process at the county level. Finally, the department is in the process of contracting for innovative programs for preventing child abuse and neglect.

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Contracts for Training
and Technical Assistance

The department selected three contractors on a sole-source basis to provide training and technical assistance to prospective bidders for child abuse and neglect prevention projects. The department had planned to implement these contracts, totaling \$300,000, by the end of December 1982; however, as of March 1, 1983, these contracts had not been approved by the required review agencies.

In selecting the contractors to provide training and technical assistance, the department did not comply with the competitive intent of state contracting guidelines. The competitive contracting process, as defined by the chief of the department's Contracts Bureau, provides an unbiased, objective atmosphere that treats every bidder and potential bidder the same way and is consistent with established guidelines. Furthermore, the State Administrative Manual requires the department to secure at least three competitive bids for each contract.

However, the department's former director decided to contract for training and technical assistance on a sole-source basis. Thus, in selecting the contractors to provide training and technical assistance, the department circumvented the guidelines in the State Administrative Manual. Moreover, the department violated its own contracting manual, which requires the department to obtain approval from the Health and Welfare Agency (agency) before preparing a sole-source contract. Although the agency disapproved the contracts in November 1982, the department proceeded with the contract approval process.

On January 3, 1983, the Governor issued an Executive Order freezing consultant and personal services contracts. On February 16, 1983, the department requested the agency to approve an exemption of training and technical assistance contracts from the Executive Order. Further, as instructed by the department's chief deputy, the Deputy Director of the Adult and Family Services Division signed the exemption request recommending that the department execute the original three training and technical assistance contracts on a sole-source basis. Although the agency approved the department's exemption

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request on February 17, 1983, a deputy secretary of the agency told us that the agency still has not approved the sole-source selection of contractors for the training and technical assistance.

We are concerned with the department's decision to proceed with the selection of contractors for training and technical assistance on a sole-source basis. The Chief of the Office of Child Abuse Prevention cited three reasons for selecting these contractors on a sole-source basis: (1) AB 1733 was urgency legislation; (2) these three contractors were the only agencies in California capable of providing the necessary training and technical assistance; and (3) these three contractors had the "unique capability" to reach and train specific target populations.

We found, however, that urgency is no longer a factor in selecting the contractors because the contracting process has already commenced. Further, we identified other potential training and technical assistance agencies that told us they could provide the services offered by the three contractors selected by the department. Finally, the Chief of the Office of Child Abuse Prevention stated that the department does not have formal documentation of the "unique capability" of the three contractors. She further stated that she based her opinion on informal assessments of the office's prior experience with two of these agencies, and the reputation of the third agency. This problem of the department's initiating sole-source contracts without adhering to state and department guidelines was previously identified in our October 1981 report entitled "The Department of Social Services' Administration of Personal Services Contracts" (P-028).

Contracts for Local Projects

On October 29, 1982, the department sent letters to the 58 county boards of supervisors notifying them of their share of the \$9 million for local projects aimed at preventing child abuse and neglect. Forty-seven counties chose to accept the allocation and to contract directly with local agencies for the projects. As of February 16, 1983, 45 of those 47 counties had signed contracts with the department, while 2 counties had not yet returned their contracts to the department. Although the department expected the county contracts to clear the review

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and approval process by February 9, 1983, none of these contracts had received all of the required approvals as of March 1, 1983. The office's chief told us that the possibility that the Legislature could eliminate the AB 1733 funds in its effort to balance the budget led to indecision at the county level, and that several counties delayed returning their contracts to the department because there was no certainty that AB 1733 funds would continue to be available. She also told us that the dates in the implementation schedule were estimates and therefore subject to change.

Eleven counties chose not to contract directly with local agencies for child abuse and neglect prevention projects. Their allocations, totaling approximately \$582,000, subsequently reverted to the department. The department will use this money to contract with local agencies for child abuse and neglect prevention services. In allocating the funds that have reverted to the department, the department is required by AB 1733 to give priority to agencies in the counties that chose not to contract directly for child abuse and neglect prevention services. On February 8, 1983, the department sent 287 copies of the request for proposal to the public agencies and the private nonprofit agencies that provide these services in the 11 counties. In its implementation schedule, the department had planned to mail the request for proposal to potential bidders by January 18, 1983, and to select successful bidders by March 23, 1983. As of February 16, 1983, department contracting personnel estimated that the proposal review process will be complete and the successful bidders will be announced by the end of April 1983.

As part of our review, we contacted four of the counties that had accepted the allocations provided by AB 1733: Kern, Los Angeles, Sacramento, and Santa Clara. We obtained information on the contracting processes that these counties plan to use to contract for child abuse and neglect prevention projects. To implement AB 1733, Kern, Los Angeles, and Sacramento counties plan to use an advisory council to do the following: (1) establish criteria and guidelines for the request for proposal; (2) sponsor a public hearing to obtain community assistance in establishing priorities for the county's child abuse and neglect prevention program; and (3) recommend to the county those projects that should be selected.

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Santa Clara County has selected an advisory council to establish priorities for the writing of the county's request for proposal. The county has also hired an individual to write the request for proposal. As of March 1, 1983, the county had not developed the processes for the review and selection of proposals from prospective project operators.

Kern, Los Angeles, and Sacramento counties have held advisory meetings in which professionals working in child abuse prevention programs met to discuss their respective county's needs. These counties have also held hearings to obtain public testimony that would assist the county in determining the community's needs relating to child abuse and neglect prevention programs. Kern and Sacramento counties expect to contract with both public agencies and private nonprofit agencies; Los Angeles County plans to contract only with private nonprofit agencies.

Although the department included a clause in the contract with the counties to guard against conflict of interest occurring at the local level, the potential for conflict of interest still exists. The contracts between the department and the counties require that the counties take steps to ensure that there is no conflict of interest between the advisory council members and the staff of the agencies competing for contracts. However, our review of the county contracting process identified potential conflict of interest problems. For example, Sacramento County has established an advisory council to assist in contracting for child abuse and neglect prevention projects. A subcommittee of this advisory council established the criteria for selecting projects and prepared the request for proposal which was distributed to local agencies interested in bidding for the projects. However, some members of the advisory council and the advisory council subcommittee are associated with local agencies interested in bidding for funds for child abuse and neglect prevention projects. Thus, the composition of Sacramento County's advisory council and its subcommittee raises the potential for conflict of interest and raises questions about the competitiveness of the bidding and contracting process. In response to our concerns in this area, Sacramento County has provided for the replacement of selection committee members associated with agencies bidding for county projects.

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Although we cannot project the potential for conflict of interest in the 46 other counties that are contracting for their own projects, we are concerned that this type of situation may threaten the competitive bidding process. We discussed this matter with the department's contract staff, and as a result of our discussions, the Chief of the Contracts Bureau informed us that his staff had drafted a letter to be sent to the counties identifying conflict of interest considerations. However, this letter had not been issued as of March 1, 1983.

Contracts for Innovative Projects

AB 1733 allocates \$1 million to the Office of Child Abuse Prevention for innovative approaches to prevent or reduce child abuse and neglect. Through an interagency agreement, the department will transfer approximately 20 percent of the funds to the Office of Criminal Justice Planning (OCJP) for projects directed at preventing the sexual abuse and exploitation of children. Both the department and the OCJP have developed their own requests for proposal and will evaluate proposals for their respective portions of the funds. Department and OCJP representatives stated that they sent a combined total of over 2,200 requests for proposal to prospective bidders; by the closing dates for submitting bids, they had received 227 proposals. These representatives further stated that these proposals are being reviewed, and they estimate that awards will be made by March 7, 1983.

As of February 16, 1983, the department had, in our opinion, observed both state and department guidelines in contracting for innovative programs aimed at preventing child abuse and neglect.

Results of the Review of Previously Funded Projects

We also sought to determine what the Office of Child Abuse Prevention has learned from its pilot and demonstration projects, and to assess how it has applied that knowledge to the contracting process conducted in response to AB 1733. However, because the office does not have sufficient information on the progress or the effectiveness of its projects, we could not conduct the analysis. The office has

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not always prepared the Contractor Evaluation Sheet required by the State Administrative Manual; it has not always evaluated the effectiveness of its projects in reducing or preventing child abuse and neglect; it has not always required project operators to meet their reporting obligations; and it has not always documented the visits made by staff to monitor the various projects. Although the office has not routinely evaluated the effectiveness of its projects, it does submit periodic reports to the Legislature in which it identifies the accomplishments of its projects.

The State Administrative Manual (SAM) requires that contractor performance will be evaluated within 30 days of the completion of all contracts in excess of \$10,000. Furthermore, good management practices dictate that the office evaluate projects for the prevention of child abuse and neglect in order to strengthen, modify, or reject various methodologies. In addition, most contracts between the department and the operators of child abuse and neglect prevention projects in our sample require the operators to submit periodic progress reports to the office. Finally, the office's staff should prepare written reports when they conduct monitoring visits to assist in evaluating the progress of various projects.

Our review of a sample of 6 of the 25 pilot and demonstration projects administered by the office disclosed that the office was not observing the practices listed above. The office did not observe the SAM requirement to evaluate all contracts in excess of \$10,000 within 30 days of the contract's completion.* Four of the 6 projects in our sample were complete, but office staff had prepared an evaluation of only one of the 4 projects.

The evaluations required by the SAM do not address the effectiveness of projects in reducing or preventing child abuse and neglect. Further, the federal regulations governing the federally-funded projects administered by the office do not require these projects to be evaluated. However, we believe that it is imperative for the office to evaluate the effectiveness of pilot or demonstration projects that are

* Only one of the 25 contracts for pilot and demonstration projects was under \$10,000.

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funded for that purpose. The office had evaluated the accomplishments of only three of the six projects we reviewed. In our opinion, none of these evaluations demonstrated that the projects had been effective in reducing or preventing child abuse and neglect.

As a result of our discussing these concerns with the Chief of the Office of Child Abuse Prevention, the chief said that she plans to include an evaluation requirement in all future contracts with operators of child abuse and neglect prevention projects. In addition, she stated that the Department of Social Services will recommend that the counties evaluate their local projects for effectiveness in reducing or preventing child abuse and neglect.

Although the federal regulations for these projects do not require progress reports, five of the six project operators in our sample were required by their contracts with the department to submit regular progress reports. We found that only one project operator met the reporting requirements specified in its contract. The other four projects showed deficient reporting by project operators. One operator, for example, submitted quarterly progress reports for only 7 of the 12 quarters of its three-year contract with the office. This project operator also failed to submit a required final report to the office when the project ended in June 1982, and the office's chief told us that the department is still withholding final payment for the project.

The office's chief also told us that the office's monitoring staff were currently ensuring that project operators meet their reporting requirements. Therefore, we reviewed the reports submitted by the operators of two additional current projects. Although both project operators had met their reporting requirements, we cannot conclude that all other current projects are meeting these requirements.

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Finally, we found written monitoring reports for only one of the six projects in our review, even though there were indications that the office's monitoring staff had conducted monitoring visits for three of the six projects, and despite the fact that monitoring staff told us that monitoring staff had visited all six projects. Without written reports of visits made to monitor projects, it is difficult to validate the progress of projects and difficult to ensure that projects are meeting their goals.

Allocation of Child Abuse
Prevention Funds

As mentioned earlier, AB 1733 provides \$9 million for local projects to prevent child abuse and neglect. The department notified the counties of their AB 1733 allocations for these projects on October 29, 1982. By this notification, the department met its legislated requirement to notify the counties of their allocations within 30 days of the effective date of the legislation (October 1, 1982). Our review of the department's formula for allocating to the counties the \$9 million authorized by AB 1733 for local child abuse and neglect prevention projects showed that the department's formula meets the intent of the legislation.

In allocating AB 1733 funds to the counties, the department is required by law to use criteria that consider the reported number of abused and neglected children in each county. Such information is available from police reports, reports of the Department of Justice and Child Protective Services Program, or other public reports that indicate a need for child abuse and neglect prevention services. The legislation also specified that rural counties were to receive a base amount of \$50,000 each.*

Following the formula that it developed, the department allocated an initial \$50,000 to each of the 58 counties. The department then increased the allocations made to nonrural counties using a formula based on various components of the county's population and the number of validated instances of

* The legislation defines rural counties as those counties having a population of less than 125,000.

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child abuse and neglect. Although the legislation required only that a base of \$50,000 be allocated to each rural county, the Legislative Counsel stated that the department may also apply the base allocation to nonrural counties. In addition, the Legislative Counsel's opinion stated that the department's allocation formula was reasonable.

CONCLUSION

We identified two problems in the Department of Social Services' contracting for child abuse and neglect prevention programs. First, training and technical assistance contracts had not been competitively bid according to state and department guidelines, and the department had selected potential contractors without sufficient justification; however, as of March 1, 1983, these contracts had not received all the required approvals. This problem is of particular concern because we addressed this same issue in a previous Auditor General report. Second, there is a potential conflict of interest in the manner in which some counties may conduct the contracting process. Furthermore, the Office of Child Abuse Prevention has not always determined the effectiveness of its pilot and demonstration projects aimed at preventing child abuse and neglect. The office also is not always preparing the Contractor Evaluation Sheets for child abuse and neglect prevention projects, even though the State Administrative Manual requires such evaluations. Therefore, we cannot document the effectiveness of these projects. In addition, since the office did not prepare project evaluations, receive regular reports from project operators, or prepare written on-site monitoring reports, the office cannot determine the success of its projects in reducing or preventing child abuse and neglect.

Finally, we found that the department's formula for allocating to the counties funds authorized by AB 1733 meets the intent of this legislation.

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RECOMMENDATION

To correct these contracting deficiencies and to ensure a competitive contracting process at both the department and county level, the Department of Social Services should adhere to established contracting guidelines. Additionally, the department should provide specific guidelines to the counties to ensure that counties avoid the potential for conflict of interest in their contracting practices.

Furthermore, the Department of Social Services should ensure that the Office of Child Abuse Prevention does the following:

- Obtain and maintain appropriate reporting and monitoring documentation of the progress of its future contracts;
- Prepare Contractor Evaluation Sheets for all contracts in excess of \$10,000 within 30 days of contract completion as required by the State Administrative Manual;
- Use available evaluation models such as those contained in the booklet "Evaluating Child Abuse Prevention Programs," to determine the effectiveness of its pilot and demonstration projects in reducing or preventing child abuse and neglect;
- Refrain from funding any new or continuing child abuse and neglect prevention projects until it has determined the effectiveness of its already funded projects; and
- Ensure that each of the department's future child abuse and neglect prevention contracts includes a specific requirement to evaluate the project's effectiveness in reducing or preventing child abuse and neglect.

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We conducted this audit under the authority vested in the Auditor General by Section 10500 et seq. of the California Government Code and according to generally accepted government auditing standards. We limited our review to those areas specifically contained in the audit request.

Respectfully submitted,



THOMAS W. HAYES
Auditor General

Staff: Robert E. Christophel, Audit Manager
Allison G. Sprader
Nancy L. Kniskern

Attachment: Response to the Auditor General's Report
Health and Welfare Agency



HEALTH and WELFARE AGENCY

OFFICE OF THE SECRETARY
1600 NINTH STREET, ROOM 460
Sacramento, California 95814
(916) 445-6951

March 11, 1983

Mr. Thomas W. Hayes
Auditor General
Office of the Auditor General
660 J Street, Suite 300
Sacramento, CA 95814

Dear Mr. Hayes:

REPORT OF THE OFFICE OF THE AUDITOR GENERAL TO THE JOINT LEGISLATIVE AUDIT COMMITTEE ENTITLED "LETTER REPORT ADDRESSING THE STATUS OF THE OFFICE OF CHILD ABUSE PREVENTION'S PROGRESS IN IMPLEMENTING ASSEMBLY BILL 1733".

Thank you for providing our Agency with the opportunity to respond to your audit of the Office of Child Abuse Prevention. The Agency is appreciative of the efforts of you and your staff and of the recommendations which you have made. Your report will be a help to us in identifying and putting into effect needed procedural and policy changes.

Some of the recommendations contained in your report have already been put into effect by the Department of Social Services. I am attaching comments prepared by the Department of Social Services for inclusion in your report. The Child Abuse Prevention staff would be pleased to meet with you at your convenience to discuss any of these particular subject areas.

Sincerely,

A handwritten signature in black ink, appearing to read "DAVID B. SWOAP".

DAVID B. SWOAP
Secretary

Attachment

cc: Jerold A. Prod, Interim Director, SDSS

STATE DEPARTMENT OF SOCIAL SERVICES (SDSS) COMMENTS REGARDING THE DRAFT REPORT OF THE OFFICE OF THE AUDITOR GENERAL ENTITLED, "Letter Report Addressing the Status of the Office of Child Abuse Prevention's Progress in Implementing Assembly Bill 1733".

PART I

General Comments - Contract Procedures

1. AGO STATEMENT:

"Our review...disclosed that the Department did not comply with state and department guidelines in its attempt to contract for training and technical assistance."

Specifically, the AGO points out the failure to obtain competitive bids and to gain Health and Welfare Agency's approval.

SDSS RESPONSE:

The training and technical assistance contracts were proposed to be let on a sole source basis because the Department believed it would have been difficult to bid these contracts and then use the contractors to provide technical assistance to local community-based agencies bidding on the other services in the bill because the local contracting process would have been too far advanced. We determined that this use was the key value of such contractors in accordance with legislative intent.

The contracts were therefore proposed to be let under Section 1204.2 of the State Administrative Manual (SAM) which allows for sole source contracting in such situations. In addition, the author of AB 1733 has concurred with our handling of the training and technical assistance procurement (see attached letters).

We will be proceeding with the procurement as quickly as possible. There is still adequate time because the entire process has been pushed back due to budgeting delays. We will continue to comply with both SAM and the Legislature's intent that the entire project be in place by July.

2. AGO STATEMENT:

On Page 7, the AGO's report implies that something is amiss in our failure to have any state/county funding contracts executed by March 1, in accordance with our original implementation plan.1/

SDSS RESPONSE:

If the AGO is going to make such implications, then the reason for the delay, the state budget crisis which threatened project funding for a time should be stated. The delay was caused by a provision contained in AB 36X which would have defunded the program. This provision was subsequently

AUDITOR GENERAL NOTE: All footnotes appear on page 22 of this report.

removed from the bill. It should further be noted that we proceeded with implementation anyway, in order to meet statutory deadlines, without any improper commitment of funds.

3. AGO STATEMENT:

"...Our review of the county contracting process identified potential conflict of interest problems."

"In response to our concerns in this area, Sacramento County has provided for the replacement of selection committee members associated with agencies bidding for county projects."

SDSS RESPONSE:

We are fully aware of the potential conflict of interest problems inherent in this bill. In addition to conflict of interest language in the state/county funding contracts, we have dealt with conflict of interest in each county submitting bidding documents for review, and with specific conflict of interest problems, when they arose, as in the case of Sacramento.

In that case, it should be noted that Sacramento County did not obtain prior State approval of their RFP, as required by our October 29, 1982 letter, but sent it to us at the time of the RFP's release to the public. Upon discovery of the potential conflict in the RFP, we took corrective action. In our February 23, 1983 letter to Sacramento we told the county to remove potential bidders from their evaluation committee.

Subsequent to the release of this draft report (March 3, 1983), we have released a letter to all county boards of supervisors clarifying conflict of interest policy and procedures. The release came after thorough legal review of our ability to regulate this area in state-funded contracts.

Because of legislative intent that the local child abuse prevention community be used in the procurement process (Welfare and Institutions Code (W&IC) Section 18963(a)), the potential for conflict of interest will remain strong. We will continue our attempts to maintain conflict free bidding processes. To imply, as the AGO does, on page 13, paragraph 2, that the potential for conflict of interest is a result of SDSS contracting practices is incorrect.^{2/}

General Comments - Implementation and Evaluation of Projects

1. SDSS COMMENTS:

The context in which AB 1733 was implemented is not addressed. A detailed implementation plan was developed by the Department prior to the effective date of the bill based on all information available at that time. The AGO used this plan as an absolute standard for implementation activities without taking subsequent events into account. For example, no mention is made of the fact that no new staff were secured as planned, that a freeze on all state contracts became necessary, and that for a time the \$10 million appropriation was considered for elimination from the current year state budget.^{1/}These events over which we had no control resulted in delays in the original time frame.

2. SDSS COMMENTS:

AB 1733 mandates the Auditor General to evaluate compliance with the competitive bid process, including the timely distribution of funds and a description of the impact of ameliorating child abuse and neglect in a representative sample of counties. As the AGO points out in the report (Page 4, Paragraph 2), the impact that the AB 1733 projects will have in mitigating child abuse and neglect cannot be determined at this time. All of these projects operated under different criteria than those contained in AB 1733. In addition, the AGO selected old projects for its audit which do not reflect the current functioning of the Office.³ When the Department raised the issue of evaluating outdated projects, the AGO agreed to examine a current sample. The AGO staff did in fact select and review current projects which they stated were in order.

The law places the responsibility for the evaluation of the impact which AB 1733 projects have on ameliorating child abuse and neglect with the Auditor General. We will be pleased to include provisions in program contracts which will assure the availability of the data necessary for the Auditor General to conduct this evaluation. It is necessary that the data elements desired by the Auditor General be quickly identified, in order to assure that they will be required of and collected by those organizations receiving program contracts. Despite the fact the Department is not required to evaluate the efficacy of the programs under AB 1733, we intend to do an independent review based upon the design and data elements prescribed by the Auditor General for its own evaluation.

PART II

SDSS' Response to AGO Recommendations

1. AGO RECOMMENDATION:

"Obtain and maintain appropriate reporting and monitoring documentation of the progress of its future contracts."

SDSS RESPONSE:

The Department agrees. As we mentioned earlier, the Department has taken and will continue to take steps to this end.

2. AGO RECOMMENDATION:

"Prepare contractor evaluation sheets on all contracts in excess of \$10,000 within 30 days of contract completion as required by the State Administrative Manual."

SDSS RESPONSE:

The Department agrees. Our comment above is applicable.

3. AGO RECOMMENDATION:

"Use available evaluation models such as those contained in the booklet 'Evaluating Child Abuse Prevention on Programs' to determine the effectiveness of its pilot and demonstration projects in reducing or preventing child abuse and neglect."

SDSS RESPONSE:

The Department agrees. Programs prior to AB 1733, monitored by the Office of Child Abuse Prevention did not usually require nor provide funding for such activities. We will build evaluation models into future contracts provided administrative funds are available for this purpose.

The Auditor General has the statutory responsibility to conduct these evaluations (W&IC Section 18963(b)) for the programs funded by AB 1733. We will assure that the collection of data necessary for the Auditor General to discharge this responsibility is made a contract requirement for those organizations conducting programs. It is important that the Auditor General provide us with the desired data and design elements quickly to assure inclusion in the contracts. In light of the Auditor General's recommendation, the Department will do an independent review of the AB 1733 programs using the design that the Auditor General intends to use to prepare its mandated evaluation report to the Legislature.

4. AGO RECOMMENDATION:

"Refrain from funding any new or continuing child abuse and neglect prevention projects until it has determined the effectiveness of its already funded projects."

SDSS RESPONSE:

AB 1733 was an urgency measure. If the Department were to follow this recommendation, despite its possible merits, we would be thwarting the intent of the law.^{4/} It was the clear declaration of the Legislature (AB 1733 Section 1 and previously referenced letters from Assemblymen Papan and Vicencia) that these programs help protect children, stabilize families and contribute to a reduction in crimes. Given these facts, the Department is unable to delay implementation of the law pending future evaluations. It is our belief that the Legislature has clearly expressed its intent that we act without delay.

5. AGO RECOMMENDATION:

"Ensure that each of the Department's future child abuse and neglect prevention contracts includes a specific requirement to evaluate the project's effectiveness in reducing or preventing child abuse and neglect."

SDSS RESPONSE:

The Department agrees. We will seek funding in future state and federal program appropriations to accomplish this end. As mentioned in Response 3 above, we will require such components in AB 1733 contracts as they are identified by the Auditor General in order to provide the data necessary for its mandated evaluation report to the Legislature.

AUDITOR GENERAL NOTES:

- 1/ We did not intend to imply that something was "amiss." We were merely indicating the status of the department's implementation schedule as of March 1, 1983. Page 8 of our report identifies the reasons for the delay.
- 2/ We did not state that the potential for conflict of interest is a result of department contracting practices but rather a result of insufficient guidelines. On page 15, we recommended that the department provide guidelines to the counties to prevent conflict of interest.
- 3/ Our original sample of six child abuse prevention projects contained two recent projects.
- 4/ AB 1733 requires that funding priority be given to programs of demonstrated effectiveness. It is our opinion that because of limited experience in evaluating these programs, the department may not be able to identify the effective programs for AB 1733 funding.



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MEMBER CALIFORNIA LEGISLATURE
19TH ASSEMBLY DISTRICT
SAN MATEO COUNTY

COMMITTEE.
FINANCE, INSURANCE AND COMMERCE
POLICY RESEARCH MANAGEMENT
TRANSPORTATION

Assembly California Legislature

LOUIS J. PAPAN

CHAIRMAN

ASSEMBLY RULES COMMITTEE

December 30, 1982

Dr. Douglas X. Patino
Secretary
Health and Welfare Agency
1416 Ninth Street, Room 460
Sacramento, California 95814

Dear Dr. Patino:

Knowing of our common interest in protecting the well-being of California's children, I appreciated receiving your letter relating to the training and technical assistance monies of Assembly Bill 1733.

I believe the objectives these funds were to achieve are now imperilled by delay. The lingering indecision, if it does not halt the expenditure of these funds altogether, will deprive them of their maximum intended effectiveness. Consequently, I read with great care your letter plus copies of the proposed contracts and related correspondence which I secured independently.

Weighing these in relation to the urgency of AB 1733 and the character of the legislative debate surrounding it, I am persuaded the recommendations of the Department of Social Services should be implemented this week. I look to you to ensure the contracts are signed.

AB 1733 authorized a major infusion of state funds into child abuse prevention programs. While its focus is thus quite specific, within that scope the bill says little to limit the kinds of programs which can compete for funding. The bill thus aims to promote widespread participation and creativity of approach. On the direct service level then, the bill seeks for children the benefit of the positive competition of fresh ideas and new faces.

Dr. Douglas X. Patino

December 30, 1982
Page 2

Maximizing this competition, however, requires that a herculean effort be made now to apprise persons whose ideas, if given the opportunity, can be nurtured and made to work for youngsters. This is why I feel the contracts proposed by the Department of Social Services must be signed this week.

As your letter acknowledged, the proposed contractors each enjoy excellent reputations. Of equal importance to me, however, is the distinctly different niche each has assumed in the development of their organizational structure. As you and I both know, a state-issued press release regarding AB 1733 monies will miss many individuals and to this extent the competition among ideas will be impoverished. By contrast, the proposed contracts will establish three parallel, vigorous efforts by which AB 1733 can be promoted. Since each of these organizations will take as a starting place its distinct constituency and then move outward, the potential for maximizing participation statewide in the direct service competitive bidding is tremendous. I am satisfied this is a formula for success consistent with the goals of AB 1733, and in particular the objective of maximizing participation by new persons and approaches.

I believe this assessment of the relation of the 3% monies to the remaining AB 1733 funds is an element which has not been adequately considered in the sole source issue to this date. This is unfortunate because I believe the foregoing could have settled the issue of the propriety of sole source contracts long ago.

My conviction that this should have proved dispositive is reinforced by the absence of any showing that six other organizations exist which have similar experience and interest in assuming the T and TA role for the prevention and intervention programs AB 1733 contemplates. Of the organizations you cite, most have indicated their interest is to compete for direct service monies and the fourth, the Foster Parents Association, does not possess the extensive prevention and intervention experience of the proposed contractors.

For these reasons, I rely upon you to ensure immediate execution of the proposed contracts and thank you for your support of California's children.

Sincerely,



LOUIS J. PAPAN

LJP:cm

cc: The Honorable Edmund G. Brown, Jr.

Assembly
California Legislature

FRANK VICENCIA

SPEAKER PRO TEMPORE
FIFTY-FOURTH ASSEMBLY DISTRICT
(BELLFLOWER COMPTON PARAMOUNT
LAKWOOD AND LONG BEACH)

February 9, 1983

Mr. Michael Franchetti, Director
Department of Finance
State Capitol, Room 1145
Sacramento, CA 95814

Dear Mr. Franchetti:

As Chairman of the Assembly Select Committee on Child Abuse, it has come to my attention that the allocation of training and technical assistance monies contained in Assembly Bill 1733 (Papan) have been delayed.

It has been over five months since the California Consortium of Child Abuse Councils submitted to the Department of Social Services a training and technical assistance contract. The contract was scheduled to commence on November 1, 1982 but today, over three months later, has yet to begin.

The problem of child abuse is very severe and needs immediate attention. The objective of these funds is to prevent child abuse and any further delay of their allocation would have extremely detrimental affects.

I would appreciate your efforts to investigate this matter and to remove any impediments to the letting of this contract. I would also appreciate it if you would please inform me of your progress.

Ltr, Mr. Michael Franchetti
Page 2
February 9, 1983

I thank you for your attention and look forward to hearing from you on this matter.

Sincerely,

FRANK VICENCIA

FV:co:al

cc: Assemblyman Lou Papan
Mr. Jerry Prod
Ms. Linda Almdale